

An Application For An
Idaho Community Development Block Grant

By the

**City of Priest River
Bonner County, Idaho**

A circular, rusted metal pipe with a view of a landscape through its opening. The pipe's interior is dark and heavily corroded, with visible rust and debris. The view through the pipe shows a bright, hazy landscape with a yellowish-orange ground and a blue sky. The text "Water System Improvements" is overlaid on the pipe's opening.

Water System Improvements

November 21, 2008

Jim Martin, Mayor
City of Priest River

CITY OF PRIEST RIVER
OFFICE OF THE CITY CLERK
P.O. Box 415
Priest River, ID 83856
(208) 448-2123
Fax (208) 448-2232



November 21, 2008

Donald Dietrich, Director
Idaho Department of Commerce
PO Box 83720
Boise, ID 83720-0093

Dear Mr. Dietrich:

The City of Priest River respectfully submits this application for an Idaho Community Development Block Grant. This request will fund engineering and certified grant administration services to provide the City with an alternate source of water, and upgrade storage and distribution in order to reduce system leakage and increase available fire flow and operating pressure. Our water system does not currently deliver industry standard fire flows or meet all of the Rules for Public Drinking Water Systems.

Matching funds for this project include \$3,000,000 USDA Rural Development grant and loan. The City has spent \$39,743 in the past year on emergency repairs to the water system, and has committed an additional \$85,100 to begin design so the project can be constructed in 2009. The project beneficiaries are 52.73% low to moderate-income persons determined through Census data.

This project will meet the existing and future source, capacity and storage needs of the City. Although the City is not in serious violation with regulations for public drinking water systems, the Idaho Department of Environmental Quality (IDEQ) continues to strongly urge us to upgrade the water system prior to allowing any new development. The infrastructure improvements presented in this application will bring the City into compliance with IDEQ regulations and improve fire flow.

Thank you for your attention and consideration of our grant request.

Sincerely,

Jim Martin
Mayor

Cc: Timothy Komberec, Region I EAC Member
C.J. Buck, EAC At-Large Member

Table of Contents

	<u>Page</u>
I. Application Information	1
II. Economic Advisory Council.....	2
III. Threshold Criteria.....	3
A. Eligible Applicant	3
B. Eligible Activities.....	3
C. National Objective	3
D. Citizen Participation	3
E. Statewide Goals and Strategies	4
F. Administrative Capacity.....	4
1. Fiscal Management.....	4
2. Certified Grant Administration.....	4
G. Fair Housing.....	4
IV. Program Income.....	4
V. General Project Description	4
A. Community Description	4
B. Community Needs Assessment	5
C. Project Description	7
D. Project Land & Permits.....	8
VI. Budget Narrative	10
VII. ICDBG Budget Form	11
VIII. Detailed Cost Analysis	12
IX. Project Schedule	13
X. Financial Profile.....	14
XI. Community Demographic Profile	17
XII. Review and Ranking Narrative.....	18
A. Program Impact.....	18
B. National Objectives – Low and Moderate-Income.....	19
1. Low and Moderate-Income Percentage Points	19
2. Need and Impact	19
C. Project Categories – Planning, Previous Actions and Schedule.....	22
1. Design Professional	22
2. Grant Administration.....	22
3. Plans/Studies	22
4. Environmental Scoping	23
5. Agency Viability.....	23
6. Property Acquisition.....	24
7. Funding Commitments	24
8. Schedule	24
9. Administrative Capacity.....	24
10. Cost Analysis.....	24
XIII. Certifications	

Note: Appendices included in this electronic version are highlighted below.

APPENDICES:

A Public Participation

- Citizen Participation Plan
- Public Hearing Documentation
- Public Notices
- Press
- Letters of Support

B Administrative Capacity

- Audit Letters
- Procurement – Admin
- Procurement – Engineering

C Civil Rights

- Fair Housing Resolution
- Building Ordinance
- 504/ADA

D Demographics

- Labor Market Profile

E Design

- Vicinity Map
- Photos
- Design
- Cost Estimates
- Match Commitments

F Preliminary Engineering

- IDEQ Approval
- Water System Master Plan
- Hook-Up Fee Schedule

G Land Agreement

H Environmental

- Finding of Exemption
- Other Requirements Checklist
- Field Notes Checklist

I. ICDBG Application Information Form

Applicant: City of Priest River Chief Elected Official: Jim Martin, Mayor
Address: PO Box 415, Priest River, ID 83856 Phone: 208-448-2123

Application Prepared by: Nancy Mabile, Panhandle Area Council Phone: 208-772-0584, x3014
Address: 11100 N. Airport Drive, Hayden, ID 83835

Engineer: Philip Boyd, PE, Welch, Comer & Associates Phone: 208-664-9382
Address: 350 E. Kathleen Avenue, Coeur d'Alene, ID 83815

National Objective

- ☒ LMI Area ☐ LMI Clientele
☐ LMI Jobs ☐ Slum & Blight
☐ Imminent Threat

Project Type

- ☒ Public Facility/Housing ☐ Community Center
☐ Economic Development ☐ Senior Center
☐ Imminent Threat

Project Population to Benefit (Persons):

Total # to Benefit: 1,754
% LMI to Benefit: 52.73 %

Total # LMI to Benefit: 925
% Minority Population: 6.9 %

Project Description:

The ICDBG will fund certified grant administration and engineering professional services to support construction of infrastructure improvements to the City's water system including source, storage and distribution.

SOURCE	AMOUNT	DATE APPLICATION SUBMITTED	RESERVED/ CONDITIONAL AWARD	FUNDS COMMITTED/ CONTRACT AWARD DATE	DOCUMENTS IN APPENDIX ***
ICDBG	\$429,170				
Local Cash	\$85,100			11/17/08	E
Local Loan*	\$2,500,000	7/18/08	02/09	02/09	E
Local In-Kind**	\$39,743			11/07 – 11/08	E
UDSA RD Grant	\$500,000	7/18/08	02/09	02/09	E
EDA Grant					
State Grant					
Foundation Grant					
Private Investment					
Other					
TOTAL PROJECT FINANCING	\$3,554,013				

* Identify Loan Source(s): UDSA RD Date Bond or Necessary & Ordinary Passed: 5/27/08

** Describe In-Kind match by type (i.e., materials, labor, waived fees, land value) and amount.

*** Identify which appendix corresponding documentation is in. Documentation should be a letter from the appropriate source.

II. Economic Advisory Council



The water system for the City of Priest River has an inadequate source of supply and quality, insufficient fire flow in areas throughout the City, insufficient pressure to the north side of the City and deficient storage capacity. The 2007 Water System Master Plan identifies numerous problems in the areas of pressure and fire flow as a result of leaks and undersized lines; water quality as a result of the water source; and storage due to the inability to provide proactive and routine maintenance and adequate fire flow as a result of the lack of additional capacity.

The surface water intake is susceptible to high sediment loads due to its proximity to the confluence of the Priest and Pend Oreille Rivers. The high sediment load can partially or completely bind the intake structure, diminishing the available water supply. Additionally, in the spring of 2008 the City of Sandpoint lost a considerable amount of partially treated sewage into the Pend Oreille River. The City of Priest River, with their intake located in the Pend Oreille River was not notified of the accident until four (4) days after the occurrence. Issue arose again when Bonner County treated the river for Milfoil with herbicides both last summer and this summer providing the City with only a moment's notice.

The City's existing reservoir does not provide the equalization, emergency, and fire flow storage required by Idaho Department of Environmental Quality (IDEQ). The structural condition of the reservoir is believed to be good; however, the foundation is crumbling. Because this is the only reservoir (supplying drinking water to the entire City), it is impossible to clean adequately on a scheduled basis—an activity that should occur every 36 months. In order to clean, recoat and repaint it, the City has to empty the reservoir, depriving City residents and businesses of fire flow storage for a period of 2-3 weeks. Furthermore, during current peak day demands, the existing reservoir is insufficient to provide the required demand plus the required fire flow at the minimum pressure stated in the IDAPA 58.01.08 Idaho Rules for Public Drinking Water Systems.

Should these improvements not be completed, the City will be prohibited by IDEQ to allow growth until the water source and quality, fire flow, pressure and storage insufficiencies can be resolved. Areas identified as having fire flow deficiencies that go unimproved will be more vulnerable to fire damage. Sections with insufficient pressure are vulnerable to line depressurization during high demand or fire events, which may lead to pipe damage and the potential for water contamination. The Priest River School buildings are in an area with the lowest fire flow.

The JD Lumber mill in Priest River closed on October 3, 2008, which left approximately 200 people in the community unemployed. Additional losses are being felt in construction and related areas such as building suppliers. In October Bonner County broke the 31-month long streak of having a lower unemployment rate than the nation. The forecasted unemployment rate for October 2008 for Bonner County is 7.2%; which is a significant increase from 5.8% in September 2008 and substantially up from just a year ago – 3.3% in October 2007. Considering the City is 52.73% LMI by Census with a 19% poverty rate, the ICDBG is urgently needed to help alleviate the financial burden on the low and moderate-income household.

The City does not have the funds to complete this project without ICDBG assistance. The residents passed a bond issue for this project in May 2008. Matching funds for this project include \$3,000,000 USDA Rural Development grant and loan. The City has spent \$39,743 in the past year on emergency repairs to the water system, and has committed an additional \$85,100 of reserves to begin engineering design so the project can be completed in the 2009 construction season.

III. Threshold Criteria

A. ELIGIBLE APPLICANT:

☒ The applicant is a City. ☐ The Applicant is a County.

B. ELIGIBLE ACTIVITIES:

Eligible activities for this project as outlined in Chapter 2 of the ICDBG Application Handbook include:

- Public Facilities and Improvements – Engineering services necessary for construction of water system improvements in critical need of repair throughout various locations of the City of Priest River; and
- Administration Activities – Administrative costs for the ICDBG-certified grant administer and the City related to the ICDBG, including but not limited to the management, coordination and monitoring of activities necessary for effective planning, implementation and execution of the project.

C. NATIONAL OBJECTIVE:

LMI-Area Benefit:

Total number of households in Project Benefit Area: 930

LMI Percentage Determined By:

☐ Survey

☒ Census

Tract 950500 BG 1, 2, 3, 4

Tract 950500 BG 1

The project area includes the entire City limits of the City of Priest River. A project area map is located in Appendix E.

D. CITIZEN PARTICIPATION

This project is and has been for the past several years an on-going topic of discussion at public City Council meetings. In addition, numerous town meetings were held to discuss project alternatives with cost estimates and possible funding sources. The voters approved a \$3,680,000 bond on May 27, 2008 for the proposed improvements; which will be completed in two phases. The first phase identified with this application will be accomplished with \$2,500,000 of the bond, and the second phase will complete the distribution system improvements with the remaining bond.

The City published the Notice of Public Hearing in the Bonner Daily Bee on November 5 and 12, 2008, with the public hearing held on November 17, 2007. The Citizen Participation Plan, public hearing documents and public notices are in Appendix A. The public hearing affidavit of publication will be forwarded to the Idaho Department of Commerce under separate cover.

E. STATEWIDE GOALS AND STRATEGIES

This first phase of improvements to the water system will meet the state and federal requirements for public drinking water, water pressure and flows and improve fire protection. Therefore, it will achieve the goal to preserve and enhance suitable living environments through the strategy of improving the safety and livability of communities.

F. ADMINISTRATIVE CAPACITY

1. Fiscal Management

There have been no findings of non-compliance with the City of Priest River, no staff turnover or recall elections. The City Council (Mayor and four council members) is the management/board for the Water Department. Reporting to the Mayor are the City Clerk, City Treasurer, Police Chief and Public Works Supervisor. The City maintains the financial accountability. The City will own all infrastructure improvements and take responsibility for operation and maintenance of the system. Audit letters for the past five years are located in Appendix B.

2. Certified Grant Administration

The City has an ICDBG-certified grant administrator under contract for this project. The procurement documentation is in Appendix B.

G. FAIR HOUSING

The Fair Housing Resolution for the City of Priest River was re-adopted on November 17, 2008. This resolution will be published prior to submission of an Addendum to this ICDBG application. A copy of the resolution is provided in Appendix C.

IV. Program Income

Service fees for the City are in excess of \$25,000; however, all gross income earned from service fees is put back into the system through operation and maintenance activities. Therefore, this project will not generate any program income from service fees, sale of commodities, usage or rental fees, royalties or patents and copyrights, revolving loan fund principal and interest, or sale of property.

V. General Project Description

A. COMMUNITY DESCRIPTION:

The most current Labor Market Profile for Bonner County as published by the Idaho Department of Labor at www.lmi.idaho.gov is located in Appendix D.

B. COMMUNITY NEEDS ASSESSMENT:

Facilities & Infrastructure	Poor	Fair	Good	N/A	Previously ICDBG Funded
Water	✓				No
Sewer	✓				1998 (treatment)
Electrical		✓			No
Fire			✓		No
Hospitals		✓			No
Housing		✓			No
Roads		✓			No
Railroads			✓		No
Airport			✓		No
Broadband		✓			No
Senior Center		✓			1990
Community Center				✓	No
Community Recreation Facilities		✓			No
Employment Opportunities	✓				1985 & 1986
Other: Downtown Slum & Blight		✓			1990

The items checked above that are in poor condition include Sewer, Employment Opportunities and Water. The following is a synopsis of these category items:

SEWER

Approximately 60% of the City's sewer collection system dates back to the 1940's and 1950's, made of non-reinforced concrete and assembled in 5-foot lengths. The cement in the concrete pipe is susceptible to corrosion by hydrogen sulfide gasses and there are several instances of weakened pipe structure due to cement loss. Further, the joints for this type of pipe were not designed to prevent root intrusion. Consequently, there are many areas where root intrusion interferes with flows, which causes routine blockages. This results in frequent repairs and excessive infiltration and inflow (I/I) during periods of rainfall.

EMPLOYMENT OPPORTUNITIES

The JD Lumber mill in Priest River closed on October 3, 2008, which left approximately 200 people in the community unemployed. Additional losses are being felt in construction and related areas such as building suppliers. In October Bonner County broke the 31-month long streak of having a lower unemployment rate than the nation. The forecasted unemployment rate for October 2008 for Bonner County is 7.2%; which is a significant increase from 5.8% in September 2008 and substantially from just a year ago – 3.3% in October 2007¹. Most of the remaining available jobs in Priest River are part-time, seasonal or low paying as a result of the decline in the logging industry.

¹ Idaho Department of Labor, Research & Analysis and Public Affairs, November 7, 2008.

WATER

There are more problems with the City's water system than the other items listed in this section, making this piece of the assessment the number one priority. The following improvements are identified the October 2007 Water System Master Plan (Appendix F) prepared by J-U-B Engineers.

1. *Source* – The 1975 original design flow of the water treatment plant was 2.0 million gallons per day (MGD). Since that time, new treatment rules mandated under the Safe Drinking Water Act have reduced the effective maximum flow through the water plant to 1.6 MGD due to the finer graduations of filter media required and filter backwash and rinse-to-waste requirements. That quantity of plant flow barely keeps up with summertime peak demands. Additionally, the high level of chlorine disinfection required (1.2 mg/l) presents a taste and odor issue for customers. The City is currently testing groundwater sources that will allow the City to reduce or eliminate the dependence on surface water source.
2. *Distribution System* – The City has 96,000 feet of transmission and distribution pipe, of which 45% is 4" in diameter or smaller. Of this, approximately 80% is constructed of steel that is in varying stages of failure. The City has experienced numerous leaks in these lines. Furthermore, areas of the water system have insufficient distribution capacity to provide minimum operating pressure (40 psi) during peak day demand at the service connection property line, and provide for the required fire flow while maintaining a minimum system pressure of 20 pounds per square inch (psi).



According to the International Fire Code, the minimum fire flow for a single family dwelling unit less than 3,600 square feet is 1,000 gallons per minute (gpm) for two hours. At 1,000 gpm, the velocity through a 4-inch pipe is over 20 feet per second. The general rule of thumb for water line design is that the maximum velocity through a pipeline is limited to less than 10 feet per second during fire flow. High velocities translate into high head loss, which means a substantial reduction in water flow capacity because of friction between the water and the wall of the pipe, thereby reducing the available flow and pressure.

Currently 1/3 of the City's hydrants are connected to inadequate size pipe. All of the 4" or smaller lines need to be replaced with line sizes that will support adequate fire flows and will allow adequate pressure at the water service.

3. *Storage* – The City's present 1,000,000-gallon reservoir is in need of renovation. The foundation is crumbling, it has not been recoated or repainted since its construction in 1965, and it has been 20+ years since the interior was minimally cleaned—an activity that should occur every 36 months. In order to clean, recoat and repaint it, the City has to empty the reservoir, depriving City residents and businesses of fire flow storage for a period of 2-3 weeks.



Additionally, the City's existing reservoir does not provide the IDEQ required equalization, emergency, and fire flow storage requirements. In accordance with IDAPA 58.01.08 Section 544, storage facilities "shall have sufficient capacity, as determined from engineering studies that consider peak flows, fire flow capacity, and analysis of the need for various components of finished storage." Components of finished storage include dead storage, effective storage, operational storage, equalization storage, fire suppression storage and standby storage. DEQ does allow the storage "requirement" to be reduced "when the source and treatment facilities have sufficient capacity with standby power to supply peak demands of the systems."

In order to continue to meet DEQ regulations for health and safety and meet fire flow requirements, the water system is the highest priority. Press articles and letters of support for this project are in Appendix A.

C. PROJECT DESCRIPTION:

The City of Priest River proposes to complete water system improvements recommended in the October 2007 Water System Master Plan prepared by J-U-B Engineers. Welch-Comer Engineers is currently preparing an Addendum that will be completed in December 2008. The improvements recommended to repair system deficiencies are identified below by funding source:

ICDBG:

It is proposed that the ICDBG fund engineering and certified grant administration services only on this project. Engineering services include design, bidding process, construction administration and closeout. Grant administration includes all activities required to meet the successful completion of the project.

USDA Rural Development:

The following critical improvements will be made to the water system using USDA Rural Development loan and grant funds:

1. *New Groundwater Source* – The purpose of this improvement is to help bring the City's water sources(s) into compliance with IDEQ capacity rules and decrease the City's reliance on its Pend Oreille River source during turbid runoff events. Depending on the final size of the production wells, the City may still need to make future improvements to its surface water treatment plant. The proposed well site is located on the east side of the City. Groundwater will be pumped through a new transmission line to the City's existing distribution system.
2. *New Water Storage Reservoir* – The new water storage reservoir will provide the City with IDEQ required equalization, emergency, and fire flow water storage and will provide gravity based water service to the upper pressure zone.

The proposed 750,000 gallon water concrete storage tank will provide the City with the necessary current storage requirements as well as satisfy the City's 20 year water system planning horizon. Additionally, the addition of the second storage tank at a higher elevation will allow an upper pressure zone to be created.

The proposed reservoir site is located near the Industrial Park on Shannan Lane. This site was selected because of the 12-inch waterline that currently exists in Shannan Lane and the surrounding topography which will provide the necessary reservoir elevation. A 600-lineal foot waterline extension is necessary to tie the proposed reservoir into the existing Shannan Lane waterline.

3. *Upper Zone Transmission Line* – This improvement will create a new pressure datum on the north end of town allowing IDEQ required water pressure to be provided to residences and improving fire flow delivery to the north end of town.

The proposed reservoir will allow for creation of an upper pressure zone which will improve pressure and fire flow delivery to the north end of town along SH-57. The 1,350-foot transmission line will extend from the existing City pump station and reservoir site to a tie-in point on SH-57. A new Pressure Reducing Valve (PRV) station will be located near the tie-in point on SH-57 to link the new upper pressure zone with the existing system. This transmission line will provide a partial increase in water system pressures and fire flows in this area but additional water distribution system improvements (planned for Phase 2) will be necessary to complete the essential pressure and fire flow improvements. Additionally, it should be noted that this improvement will also include the replacement of approximately 800-lineal feet of existing 4-inch waterline on Schultz Avenue as well as a second PRV station to provide a second link between the existing and new upper pressure zones.

Each of the above stated elements requires different types of construction. As a result, this project will require three separate bids and three different general contractors. In order to be able to construct all the improvements within the north Idaho construction season, the City is prepared to fund the engineering design of the longest lead item, the water reservoir, while the ICDBG funding can be used for the other elements. This planning will allow the project to be constructed in 2009.

Photos of existing conditions, project maps and cost estimates are in Appendix E.

D. PROJECT LAND & PERMITS:

The property for the groundwater wells is part of a land swap between the City of Priest River and Bonner County (Appendix G). No funds will be exchanged. An easement will be required from the well to the County Road. Land for the reservoir needs to be acquired by the City. Discussions between the City and Property Owner are underway. Options include purchase or long-term lease.

1. Has any land been purchased for this project? ☐ Yes ☒ No
List date of purchase: _____
What funds were used to make this purchase? _____
2. Have any buildings been purchased for this project? ☐ Yes ☒ No
3. Have any easements been purchased for this project? ☐ Yes ☒ No
4. Are any rights-of-way permits required for this project? ☒ Yes ☐ No
5. Will any land be needed for this project? ☒ Yes ☐ No

Status of purchase: Preliminary discussions underway

Estimated date of final purchase: January 2009

What funds were used to make this purchase? Bond funds

6. Will any buildings be needed for this project? ☒ Yes ☐ No
7. Will any easements be needed for this project? ☒ Yes ☐ No
8. Is anyone living on the land or in the structures at the proposed site? ☐ Yes ☒ No
9. Is any business being conducted on the land or in the structures at the proposed site? ☐ Yes ☒ No
10. Are there any businesses, individuals or farms being displaced as a result of this project? ☐ Yes ☒ No
11. Are there permits that will be needed for the project, i.e., well, water rights, land application, demolition permits, zoning permit, air quality permit, etc.? ☒ Yes ☐ No

Status of the permits (including plan for securing permits): Water rights and extraction permits are required from IDWR; building permits from the City. Application was made to IDWR on September 4, 2008. The building permit can be secured from the City when it is needed.

12. Describe the ownership or lease arrangements for the property involved in the project: The City has not decided whether they will outright purchase the reservoir site property or whether to secure it with a long-term lease.

VI. Budget Narrative

The following describes the funding sources by category and the commit status of each source, in order as outlined on the form in the ICDBG Application Handbook. Documentation of match commitments is located in Appendix E.

GOVERNMENT

ICDBG GRANT – \$429,170 – Pending

These funds will be used for the engineering (\$390,170) and certified grant administration (PAC—\$38,750; City—\$250).

USDA RURAL DEVELOPMENT GRANT – \$500,000 – Pending

These funds are limited to construction activities only.

LOCAL MATCH

USDA RURAL DEVELOPMENT LOAN – \$ 2,500,000 – Pending

These funds will be used for construction, interest and legal fees.

CITY OF PRIEST RIVER – \$124,843 – Committed

The City has committed \$85,100 for engineering, and has been approved by the Idaho Department of Commerce to use \$39,743 in previous expenditures to the water system.

VII. ICDBG Budget Form

Applicant/Grantee: City of Priest River				Project Name: Water System Improvements			
Line Items	ICDBG Cash	City Cash	USDA RD Loan	USDA RD Grant	SUBTOTAL	CITY Previous Expenditures	TOTAL
Administrative	\$39,000				\$39,000		\$39,000
Land, Structures, Rights of Way		\$5,000			\$5,000		\$5,000
Engineering	\$390,170	\$80,100			\$470,270		\$470,270
Construction			\$2,295,000	\$500,000	\$2,795,000	\$39,743	\$2,834,743
Legal (bond)			\$15,000		\$15,000		\$15,000
Interim Financing			\$190,000		\$190,000		\$190,000
TOTAL COSTS	\$429,170	\$85,100	\$2,500,000	\$500,000	\$3,514,270	\$39,743	\$3,554,013

VIII. Detailed Cost Analysis

1. Have preliminary plans and specs been submitted to regulatory agencies for review? ☐ Yes ☒ No
If yes, list date submitted: _____
If no, list expected date to be submitted: 1/28/09
2. Has final design (for bidding) begun? ☐ Yes ☒ No
If yes, % complete: _____
If no, what is expected start date: 2/24/09
3. Will project include bid alternatives to meet project budget if necessary? ☒ Yes ☐ No
4. Are Davis-Bacon wage rates applicable to the project? ☐ Yes ☒ No
If yes, are they included in the project costs? ☐ Yes ☒ No
5. Have known environmental measures been included in the project costs? (e.g., dust mitigation, archeological survey, storm water drainage, wetland mitigation, etc.) ☒ Yes ☐ No
6. What will expected construction contingency be at final design? 10%
7. List the last date the owner and design professional discussed project design and details: November 17, 2008
8. Design Professional Cost Estimate may be found in Appendix E.

IX. Project Schedule

The project design, bidding and construction is developed considering that there are three major types of construction for this type of project (reservoir, waterline, and water wells) all which require different contractors and will be bid separately. The schedule for each major project element is identified separately in the following table.

Project Activity	Date (to be) Completed	Documentation in Appendix
Grant Administrator Procured	June 2007	B
Engineer/Architect Procured	October 2008	B
Other Funding Secured	February 2008	E
Permits Identified & Secured	Identified – November 2008 Secured – February 2009	–
Subrecipient Agreement Drafted	N/A	
ICDBG Environmental Review Complete	ICDBG – November 2008 DEQ/RD – February 2009	H –
Complete 504 Requirements	Update – August 2009	C
Complete Fair Housing Requirements	Update – August 2009	C
Bids Advertised		
Reservoir	March 2009	–
Transmission Line	May 2009	–
Well Improvements	March 2009	–
Start Construction		
Reservoir	May 2009	–
Transmission Line	July 2009	–
Well Improvements	May 2009	–
Second Public Hearing	August 2009	–
Certificate of Substantial Completion		
Reservoir	September 2009	–
Transmission Line	October 2009	–
Well Improvements	December 2009	–
Closeout	February 2010	–

Name of Professional & Agency Contacts	Firm/Agency	Telephone	Topic
Dennis Porter Tony Tenne	Idaho Department of Commerce	208-334-2640	Project Planning
Tim Komberec	Region I EAC	208-292-3857	Project Scope
CJ Buck	EAC At-Large	208-262-0500	Project Scope
Jeff Beeman Howard Lunderstadt	USDA RD	208-762-4939	Financing/EA
John Tindall Katy Baker	DEQ	208-769-1522	Regulatory/EA
Mike Ormsby	Preston-Gates & Ellis	208-667-1839	Bond
Jack Johnson Johnny Wilson	Priest River Public Works	208-448-2123	Project Planning
Phil Boyd Steve Cordes Necia Maiani	Welch-Comer	208-664-9382	Engineering
Steve James	J-U-B Engineers	208-762-8787	Engineering
Bonner County Board of Commissioners	Bonner County	208-265-1438	Land Swap

X. Financial Profile

Is the Grantee a:

☒ City ☐ County

If a sub-recipient, what type of organization?

☐ Water District ☐ Sewer District ☐ Homeowner's Assn.
☐ For-Profit Company ☐ Non-Profit Company ☐ Water Association
☐ Fire District ☐ Hospital District
☐ Other (Explain) _____

Water System – Input information for the water system (entity) that is expected to utilize the Idaho Community Development Block Grant funds.

Water Source(s): ☐ Wells ☒ River ☐ Lake ☐ Springs
☐ Purchase ☐ Other: _____

Water Treatment Method: Chlorine

Number of people served by the system	2,200
Number of hook-ups on the system	830
Number of equivalent dwelling units (EDUs) on the system	1,126
Number of residential EDUs	771
Number of commercial EDUs	195
Number of industrial EDUs	146
Number of Wells	0
Number of fire hydrants	129
Storage reservoir (gallons)	1,000,000
Water piping (linear feet)	96,000
Are all system users on meters?	Yes
Are meters consistently read?	Yes
For residential, what is the average monthly water rate/10,000?	\$30.75/12,000 gal
When was the last rate increase?	10/1/08
How much were the rates increased?	\$8.10/month

Annual Water System Revenue **\$378,476**

Current funds in capital improvement account	18,000
Current funds in reserve fund	170,427
Total dollar amount owed by customers in arrears	34,592

Annual Water System Expenses* **\$333,250**

Residential hook-up fee	Appendix F
Commercial hook-up fee	Appendix F
Industrial hook-up fee	Appendix F

Value and Description of Assets:

Land	\$71,731
Buildings	\$3,324,250
Equipment	\$202,090
Other	\$4,190,157
Total Asset Value	\$7,788,288

Identify Outstanding Indebtedness:

Amount Owed	Years Remaining	Annual Payment	Lender
\$102,813.71	8	\$17,452.00	USDA RD
\$964,879.66	23	\$70,015.00	USDA RD
\$174,000	4	\$50,169.50	Wells Fargo Bank

Explain Water Conservation Methods Implemented: Meters

IV. All Applicants
Grantee Financial Summary (based on most current audit report)

Revenue

Taxes	\$451,284
Licenses and Permits	7,392
Intergovernmental	311,190
Charge for Services	51,207
Miscellaneous	3,868
Other: Special Assessments, Interest, Donations, Fines	79,766
Total Annual Revenue	\$904,707

Expenses

Total Annual Expenditures	\$895,540
----------------------------------	------------------

V. All Applicants
Growth Management Planning

When was the last comprehensive plan last updated? 2005

Which of the following tools do you implement as land use measures and controls?

	<u>YES</u>	<u>NO</u>
Building Codes	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Historical Preservation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Conventional Zoning Ordinances	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other Zoning Options:		
<ul style="list-style-type: none"> • Bonus or Incentive Zoning <i>Example: Allows for increased residential densities if developer will include affordable housing options.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Transfer of Development Rights <i>Example: Transfer development rights to areas where development is wanted and to restrict it in areas where it is not.</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Planned Unit Development (PUD) <i>Example: Allows for creative and innovative design at same time creating amenities for public benefit (mixed use development).</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Development Agreements <i>Contract between municipality and developer. Municipality specifies what the developer may do and what they are required to do within project area.</i> 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Do you currently implement any of the following?		
<ul style="list-style-type: none"> • Economic Development Plan 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Development Impact Fees 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> • Local Option Tax (resort) 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Toll Roads 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Distance Based Impact Fees 	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> • Tree City USA 	<input type="checkbox"/>	<input checked="" type="checkbox"/>

XI. Community Demographic Profile

Name of Applicant: City of Priest River

	Total Population In Area
Total Population Benefited	1,754
Total Population in Applicant's Area	1,754
Male	859
Female	895
White	1661
Percent of White Population	94.7%
Minority Population:	
Black or African American	0
American Indian & Native Alaskan	25
Asian	8
Native Hawaiian & Pacific Islander	0
White; Black or African American	2
White; American Indian & Alaska Native	33
White; Asian	6
Black or African American; American Indian & Alaska Native	0
Other Multi-Racial	19
Hispanic	28
TOTAL MINORITY	121
Percent of Population	6.9%
Senior Citizens:	
Total Persons 65 Years and Over	248
Percent of Population	14.1%
Disability Status:	
Civilian Non-Institutionalized Population 16 to 64	1,080
Percent with a Disability	17.9%
Civilian Non-Institutionalized Population 65 Years and Over	247
Percent with a Disability	48.2%
Female Head of Household:	
Total <i>Occupied</i> Households	692
Female Householder, No Husband	63
Percent of Households	9.1%

XII. Review and Ranking Narrative

A. **PROGRAM IMPACT** *(To be calculated by Idaho Commerce & Labor Staff)*

1. Percentage of ICDBG in total project: _____%
2. Percentage of Local Matching Funds compared to grant funds: _____%
3. Grant dollars per person: _____%
4. Local matching funds per person: _____%
5. Eligible Activity Priority Ranking:

Eligible Activity	Point Value	% of ICDBG Budget Spent on Activity	Staff Points Awarded
Acquisition of Real Property	100		
Acquisition of Real Property for Housing Projects	50		
Public Facilities and Improvements – Health and Safety Related	100		
Public Facilities and Improvements – Housing Related	75		
Public Facilities and Improvements – Social Service Related	50		
Engineering/Architectural	100	90%	
Code Enforcement	50		
Clearance and Demolition	10		
Removal of Architectural Barriers	50		
Rental Income Payments	0		
Disposition of Property	10		
Public Services	0		
Completion of Urban Renewal Projects	0		
Relocation Payments	25		
Planning Activities	0		
Administrative Activities	100	10%	
Grants to Nonprofit Community Organizations	0		
Grants to Nonprofit Community Organizations for Housing Projects	100		
Energy Planning	0		
Housing Rehabilitation	75		
Total Points Awarded to Project:		100%	

B. NATIONAL OBJECTIVES – LOW AND MODERATE-INCOME

1. Low and Moderate Income Percentage Points

The City of Priest River is 52.73% low and moderate-income (LMI) by Census.

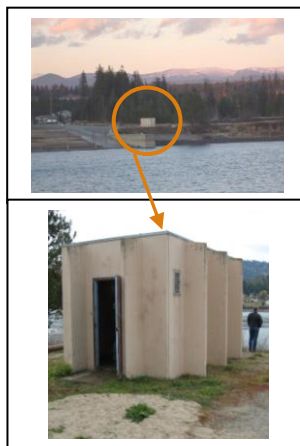
2. Need and Impact

a. Need

This project represents a Moderate Need of an officially identified problem related to health and safety regulations, but the City is not in violation of any regulation.

The water system has an inadequate source of supply and quality, insufficient fire flow and pressure to the north side of the City, and inadequate storage capacity. The 2007 Water System Master Plan identifies numerous pressure and fire flow problems as a result of leaks and undersized lines; water quality problems as a result of the water source; and storage problems due to the existing storage facility and lack of additional capacity.

Water Source Supply Quality



The City currently diverts water from the Pend Oreille River and filters the water through a rapid sand filter plant followed by chlorine disinfection. The surface water intake, intake pumps, filter, and finished water pumps are in serviceable condition, but create significant operational issues. The surface water intake is susceptible to high sediment loads due to its proximity to the confluence of the Priest and Pend Oreille Rivers. The high sediment load can partially or completely bind the intake structure (photos at left) diminishing the available water supply. Additionally, the increased turbidity experienced during runoff events shortens the filter bed operational time reducing water production and increasing the filter backwash frequency.

In the spring of 2008 the City of Sandpoint lost a considerable amount of partially treated sewage into the Pend Oreille River. The City of Priest River, with their intake located in the Pend Oreille River was not notified of the accident until four (4) days after the occurrence. Additional instances have occurred when Bonner County treated the river for Milfoil with herbicides both last summer and this summer, providing the City with only a moment's notice.

In addition to source water quality issues, there is currently 918,000 gallons per day operating 18 out of 24 hours, which is insufficient filter (treatment) capacity to provide the peak day demand (1.493 MGD or 1069 gpm). IDAPA 58.01.08 Section 521.03 requires water treatment systems to have a minimum of two filters, each with sufficient capacity to provide the peak day demand when the largest filter is off line. Further, the dual raw water intake pumps (approximately 900 gpm) which pump raw water to the filter plant and the dual finished water booster pumps (approximately 1100 gpm each) which pump treated water from the filter to the distribution system do not

meet IDAPA 58.01.08 Section 541.02, which requires water systems to have a minimum of two source pumps with sufficient pumping capacity to provide the peak day demand when the largest pump is down.

The City's 2007 water system master plan proposes to use groundwater wells as the primary water source. Groundwater will eliminate the City's reliance on the Pend Oreille River surface water source during runoff events. Additionally, the proposed 1000 gpm groundwater well will provide the City with a MDD capacity of 2.66 mgd (1.44 mgd wells and 1.23 mgd surface water). The City's projected 2027 MDD is 2.89 mgd and will require the City to secure either additional groundwater source or make capacity improvements to the water treatment plant. The City has completed a groundwater well site evaluation and completed a groundwater test well.

Water Reservoir Improvements & Transmission Line



The system currently has a 1 million gallon storage tank (photo at left) that does not provide sufficient equalization, fire flow, and emergency storage and creates a single pressure zone providing insufficient pressure and fire flow to portions of the City. The structural condition of the reservoir appears to be good condition; however, the foundation is crumbling. Because this is the only reservoir, it cannot be cleaned adequately on a scheduled basis. Cleaning should occur every 36 months. In order to clean, recoat and repaint it, the City has to empty the reservoir, depriving City residents and businesses of fire flow storage for a period of 2-3 weeks.

During current peak day demands, the existing reservoir is insufficient to provide the required demand plus the required fire flow at the minimum pressure stated in the IDAPA 58.01.08 Idaho Rules for Public Drinking Water Systems. The current water storage deficit is 235,000 gallons. The projected 20 year growth of the City will result in an additional storage deficit of 465,000 gallons for a total deficit of 700,000 gallons.

Activities to date

- Groundwater well site evaluation and a groundwater test well has been completed. (Appendix F)
- Emergency repairs to water mains within the City as a result of old leaky pipes. (Appendix E)
- Water System Master Plan completed October 2007. (Appendix F)
- Addendum to Water System Master Plan underway; scheduled for completion December 2008.
- Public meetings and subsequent bond election May 27, 2008. (Appendix A)

b. Impact

1) What benefits will low and moderate-income persons receive from this project?

The City of Priest River is 52.73% low to moderate-income (LMI). This percentage is likely higher today with the closure of the JD Lumber Mill. All people, particularly the LMI need a sense of security through employment and basic living needs. They want to know that what little investment they have is protected, either through personal health and the City maintaining compliance with the rules for public water systems; or through fire protection; or with employment opportunities. This project will result in improved system reliability in the form of higher operating pressures and available fire flow. As a result, economic development can grow without negatively impacting the water system, providing quality jobs for the LMI.

Since a bond is necessary to complete this project, there have been several public meetings; during which many residents voiced concerns regarding a water rate increase. The first bond election, held in November 2007, was not passed by the voters due to a pending water rate increase of an additional \$22 per month for a total monthly fee of nearly \$46 per month. Employment conditions are such that the current rate of \$21.35 is a hardship on many residents. However, realizing the need for this project, the voters of the City passed a \$3,680,000 bond on the second try in May 2008 to assist funding all phases of improvements to the water system. Considering the City is 52.73% LMI by Census with a 19% poverty rate, the ICDBG is urgently needed to help alleviate the financial burden on the low and moderate-income household.

2) What are the ramifications if the project is not funded, i.e., higher rates, lack of facility, lose of property, etc.

With every submittal to IDEQ on new development, the response back to the City provides approval, but also strongly urges the City to conduct improvements to the water system. Should these improvements not be completed, the City will be unable to allow growth until the water source and quality, fire flow, pressure and storage insufficiencies can be resolved. Areas identified as having fire flow deficiencies that go unimproved will leave these areas more vulnerable to fire damage. The Priest River School buildings are in an area with the lowest fire flow. The industrial park is in a pressure zone area dependant on booster pumps that are capable of failing at the worst possible time; therefore, the fire flow does not meet the state standards for industrial areas. The areas with insufficient pressure are vulnerable to line depressurization during high demand or fire events, which may lead to pipe damage and the potential for water contamination.

3) If the project comes in over budget, what components will be cut?

The improvements will be prioritized, and constructed in order of highest to lowest priority. The lower priority items will be bid as add alternatives. Should bids come in high, the City will eliminate the add alternatives in order to fit available funds.

4) If a component is cut, what will the grantee do to continue the improvement?

If the City is unable to complete all of the improvements as presented in this application, the construction will be delayed on the lower priority items and either completed with the remaining bond funds or through an additional bond election or water rate revenues.

5) What procedures will be developed to measure short and long term permanent impacts of the project?

Upon completion of the proposed improvements, fire flows and pressures will be monitored as part of the City's operation plan.

C. PROJECT CATEGORIES – PLANNING, PREVIOUS ACTIONS & SCHEDULE

1. Design Professional

The City solicited a Request for Statement of Qualifications from engineering services in September 2008. The City received three proposals, and after an evaluation and interview process selected Welch, Comer & Associates to provide services on water system improvements. The procurement documentation is located in Appendix B.

2. Grant Administration

In June 2007 the City solicited a Request for Proposals for Grant Writing and Administration Services on all public facility, economic development, senior center and imminent threat type projects over a three-year term. Since the City received only one proposal, from Panhandle Area Council (PAC), the City opted to accept the services of PAC with four certified grant administrators. The procurement documentation is located in Appendix B.

3. Plan/Studies

a. Surveyed the existing condition of the system or facility

A Water System Master Plan was completed in October 2007 by J-U-B Engineers, Inc., which evaluated the City's available source capacity, storage, treatment and the distribution network. An Addendum by Welch, Comer & Associates is nearing completion. It revises the location of the water source and tank, and further narrows the scope of the storage tank improvements. The Table of Contents and Executive Summary of the 2007 Master Plan are in Appendix F.

- b. Developed and screened alternatives to enable the system to meet future needs and growth

The water system master plan projected population growth and water system demand to 2027. Alternatives were evaluated for water source supply (rehabilitate existing surface water source or construct a new groundwater source) and water storage reservoir locations. Additionally, alternatives were evaluated for improving water pressure and fire flow through the system. Each alternative was evaluated for current and 2027 water demands and sized to accommodate the future demand.

- c. Selected a recommended alternative

The City selected the alternative that would result in the lowest present worth cost and achieve the highest system performance (e.g. pressure and fire flow). The selected alternatives will improve service to the existing customers and will provide service to new customers within the service area. Major new developments outside the existing service area will be required to construct improvements (source, storage, and distribution) to serve their developments.

- d. Evaluated the potential impact of the project on the environment

Impacts on the environment are currently being reviewed. It is not anticipated that there will be any negative impacts on the environment, however, it has been noted that historically Priest River was inhabited by the Spokane Tribal Nation.

- e. Conditional Plan Approval

Conditional approval issued by DEQ of the Water System Master Plan is in Appendix F.

4. Environmental Scoping

ICDBG funds will only be used to fund professional services and therefore will be categorized as Exempt from the HUD regulations. Welch-Comer and Associates is performing the Environmental Information Document (EID) to meet DEQ and USDA Rural Development requirements. The Finding of Exemption, Other Requirements Checklist and the Environmental Scoping Checklist is in Appendix H.

5. Agency Viability

- a. Utility Rate Reviewed

The Rural Community Assistance Corporation (RCAC) is currently conducting a rate analysis. This documentation will be provided to the Idaho Department of Commerce under separate cover.

- b. Completion of ICDBG financial profile worksheet

The Financial Profile worksheet is located on page 14 of this application.

6. Property Acquisition

To be calculated by Idaho Department of Commerce staff based on information provided under the General Project Description, Project Land and Permits on page 8.

7. Funding Commitments

To be calculated by Idaho Commerce & Labor staff based on the cover letter and letters of commitment in Appendix E.

8. Schedule

To be calculated by Idaho Department of Commerce staff based on the project schedule on page 13.

9. Administrative Capacity

a. Applicant and Sub-Recipient Stability

To be calculated by Idaho Department of Commerce staff based on information provided under the Threshold Criteria, Administrative Capacity (page 4).

b. Section 504/ADA

Has the applicant completed a Section 504 or ADA Self Evaluation and Transition Plan?

☒ Yes

☐ No

A copy of the most current Section 504/ADA Self Evaluation and Transition Plan is in Appendix C.

c. Fair Housing Accessibility Standards

What is the most current building code the applicant has adopted?

The City of Priest River adopted Ordinance No. 468 on March 24, 2004 adopting the 2000 International Building Code including subsequent amendments. This Ordinance states that future revisions and/or amendments to the International Building Code are automatically adopted and in effect (page 3). A copy of the Ordinance is in Appendix C.

Are the Fair Housing Accessibility Standards a component of the County's building code?

☒ Yes

☐ No

10. Cost Analysis

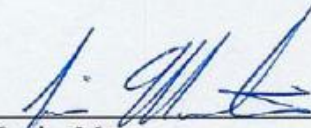
To be calculated by Idaho Department of Commerce staff based on the detailed cost analysis on page 12.

XIII. Certifications

I certify the data in this application is true and correct, that this document has been duly authorized by the governing body of the City of Priest River and we will comply with the following laws and regulations if this application is approved and selected for funding.

- National Environmental Policy Act of 1969
- Civil Rights Act of 1964 Pub.L 88-352
- Civil Rights Act of 1968 Pub.L 90-284
- Age Discrimination Act of 1975
- Rehabilitation Act of 1973, Section 504
- Uniform Relocation Assistance and Real Property Acquisition Act of 1970, as amended (49 CFR Part 24)
- Housing and Community Development Act of 1974, as amended Pub.L 93-383
- Davis-Bacon Act (40 USC 276a - 276a-5)
- Historic Preservation Act
- OMB Circular A-87, and ensure that subrecipient complies with A-110 and A-122
- Section 106 of the Housing and Urban Recovery Act of 1983 certifying to:
 - Minimize displacement as a result of activities assisted with CDBG funds by following the Idaho Department of Commerce & Labors anti-displacement and relocation assistance plan;
 - Conduct and administer its program in conformance with Title VI and Title VIII, and affirmatively further fair housing;
 - Provide opportunities for citizen participation comparable to the state's requirements (those described in Section 104(a) of the Act, as amended);
 - Not use assessments or fees to recover the capital costs of ICDBG funded public improvements from low and moderate income owner occupants;
 - Abide by all state and federal rules and regulations related to the implementation and management of federal grants;
 - Assess and implement an Accessibility Plan for persons with disabilities in accordance with Section 504 of the Rehabilitation Act of 1973, as amended;
 - Adopt and implement an Excessive Force Policy;
 - Prohibition of Use of Assistance for Employment Relocation, Section 588 of the Disability Housing and work Responsibility Act of 1998 Pub.L 105-276.
 - Anti-Lobbying Certification: No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of any federal agency, a member of, employee of a member of, officer of or employee of Congress in connection with the awarding of any federal contract, the making of any federal grant or loan, the entering into any cooperative agreement and the extension, renewal, modification or amendment of any federal contract, grant, loan or cooperative agreement.

If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any federal agency, a member of, employee of a member of, officer of or employee of Congress in connection with this federal grant, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.



Jim Martin, Mayor
City of Priest River

11-17-08

Date

NOV 19 2008



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway • Coeur d'Alene, Idaho 83814 • (208) 769-1422

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

November 18, 2008

Ms. Nancy Mabile
Panhandle Area Council
11100 Airport Dr
Hayden, ID 83835

RE: **City of Priest River, Block Grant Funding for Water System Improvements**

Dear Nancy:

You have indicated that the city of Priest River is applying for an Idaho Community Development Block Grant to provide funding for improvements to the city's drinking water system. Improvements are needed to correct current system deficiencies and provide capacity for future growth. The highest priority projects are:

1. The development of a new ground water supply to supplement the current Pend Oreille River water supply;
2. Add an upper pressure zone to correct low pressure problems by constructing 750,000 gallons of additional storage; and,
3. Distribution system improvements to correct fire protection deficiency problems.

On October 17, 2007, DEQ conditionally approved the report titled "Water System Master Plan for City of Priest River, October 2007" prepared by J-U-B Engineers. This report provides the basis for the projects listed above.

The city's ability to approve new development depends on these improvements being made. Some existing customers do not have adequate fire protection based on the modeling of the distribution system. If the city is unable to develop a financial plan to address the identified deficiencies, at some point in the near future, DEQ will not be able to approve plans and specifications for new development.

DEQ supports the city's effort to obtain the Block Grant funding and Rural Development funding. Without some grant assistance, it will be very difficult for the city to finance the major improvements that are needed.

Please call if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "John Tindall".

John Tindall, P.E.



STATE OF IDAHO
DEPARTMENT OF
ENVIRONMENTAL QUALITY

2110 Ironwood Parkway • Coeur d'Alene, Idaho 83814 • (208) 769-1422

C.L. "Butch" Otter, Governor
Toni Hardesty, Director

November 18, 2008

Ms. Nancy Mabile
Panhandle Area Council
11100 Airport Dr
Hayden, ID 83835
nancy@pacni.org

RE: **City of Priest River** - Block Grant Funding for Water System Improvements

Dear Ms. Mabile:

This letter is intended to support the City of Priest River's (City) application for an Idaho Community Development Block Grant to provide funding for engineering and certified grant administration services for proposed improvements to the City drinking water system. The project will involve the construction of a new groundwater source as well as the construction of a 750,000 gallon storage reservoir.

The new groundwater source will provide the City with a reliable alternative source of domestic water during high turbidity events in the Pend Oreille River. High turbidity events have the potential to create complications in providing adequately treated drinking water to users. The new reservoir will provide the City with required equalization and emergency storage as well as provide adequate fire flow storage and gravity pressurized services to an upper pressure zone located within the City. The proposed improvements are in accordance with the Water System Master Plan completed by J-U-B Engineers in October 2007.

These improvements are important to increase the reliability and capacity of the water system and will provide for the projected 20-year growth.

If you need any additional information, please contact me at 208-769-1422.

Sincerely,

A handwritten signature in blue ink, appearing to read "Matt Plaisted".

Matt Plaisted
Associate Engineer
Matthew.plaisted@deq.idaho.gov

c: Steve Tanner/Suzanne Scheidt, Stephen.tanner@deq.idaho.gov Suzanne.scheidt@deq.idaho.gov

West Pend Oreille Fire District
P.O. Box 1267
Priest River ID 83856
Phone and Fax 1-208-448-2035

November 17, 2008

Mayor and City Council
City of Priest River
PO Box 415
Priest River, ID 83856

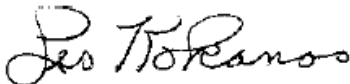
Re: ICDBG for Water System Improvements

Dear Mayor and Council,

This letter is to support your application for a Community Development Block Grant for the water system improvements. As you know, the water system has areas that will not support the required fire flows. Recent testing has reinforced this finding. The combination of small diameter lines and old lines with substantial tuberculation cause reduced fire flows at many of the residential hydrants and at some of the hydrants in commercial areas as well. The replacement of several lines is necessary to maintain the insurance rating of the City.

The insurance rating for the City, represents a substantial cost savings to the citizens. To lose the current rating would cause significant cost increases (two to three times current premiums) to property owners.

Sincerely,

A handwritten signature in cursive script, reading "Les Kokanos".

Les Kokanos, Chief
West Pend Oreille Fire District

Priest River Development Corporation

P.O. Box 400

Priest River, Idaho 83856

Phone: 208.448.1312 Fax: 208.448.2905 Email: prdc@povri.com

November 17, 2008

Jim Martin
Priest River Mayor
P. O. Box 415
Priest River, Idaho 83856

Mr. Jim Martin:

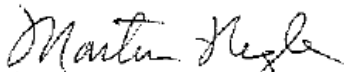
The proposed ICDBG Grant for the Priest River water system would enable Priest River Development Corporation (PRDC) to obtain its goals to recruit quality businesses and provide jobs with good benefits.

Companies interested in bringing their businesses to Priest River are concerned with business costs, infrastructure, education, good labor force, and quality of life in our community.

PRDC's industrial park would welcome plans to improve fire prevention that would be a great benefit to the Industrial Park, as well as the total community.

PRDC welcomes the opportunity to partnership with the City of Priest River as well as various support groups to move ahead with efforts for community improvement.

Sincerely,



Martin Negle, President
Priest River Development Corporation

Visit our Website:

www.priestriver.org/prdc

PRURA

Priest River Urban Renewal Agency

P. O. Box 415

Priest River, Idaho 83856

November 17, 2008

Jim Martin – Mayor

P. O. Box 415

Priest River, Idaho 83856

Mr. Jim Martin – Mayor

As Chairperson for the Priest River Urban Renewal Agency (PRURA), our Agency is very proud to support the ICDBG Grant for our City.

The PRURA is a spirited agency searching ways and means to increase the quality of life in our community, an improvement of our water system is vital to all of our citizens.

Our current water system is antiquated. Priest River needs to move from drawing the City water from the Pend Oreille River to quality water wells. Having quality water system is critical for the every day needs of our community.

A quality water system plays a major role with PRURA assisting, creating a renewed community to obtain reconstructing a basic community infrastructure as our economy, community pride, and our motivation to great levels.

This proposal for the ICDBG Grant will enable Priest River to improve its environmental, social, and economic justice for all.

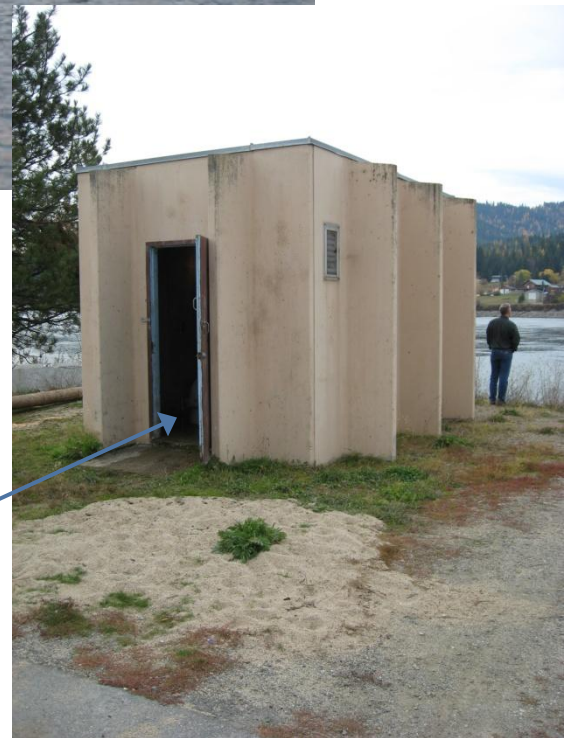
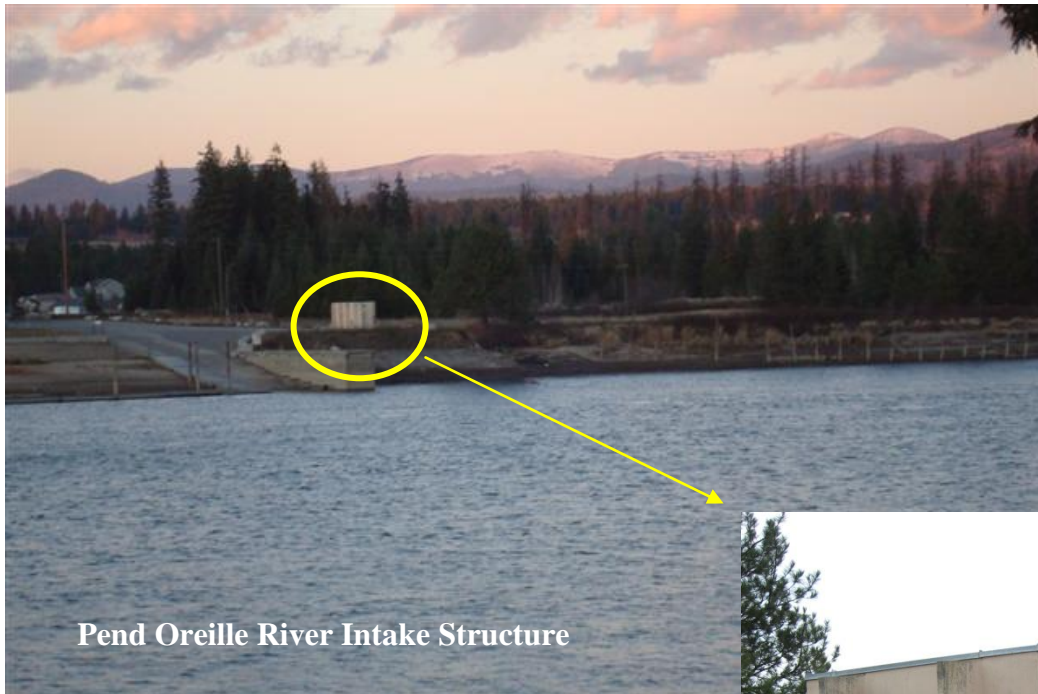
Sincerely,

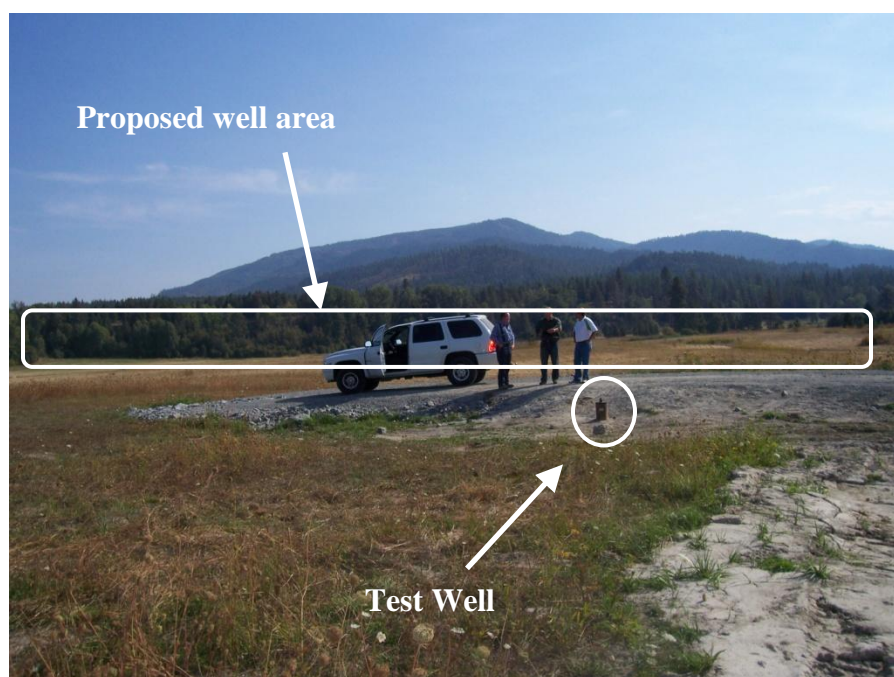


Ted Runberg – Chairperson

Priest River Urban Renewal Agency

Photos of Existing Conditions





Treatment Facility:



Circa 1940's Distribution Pipe:

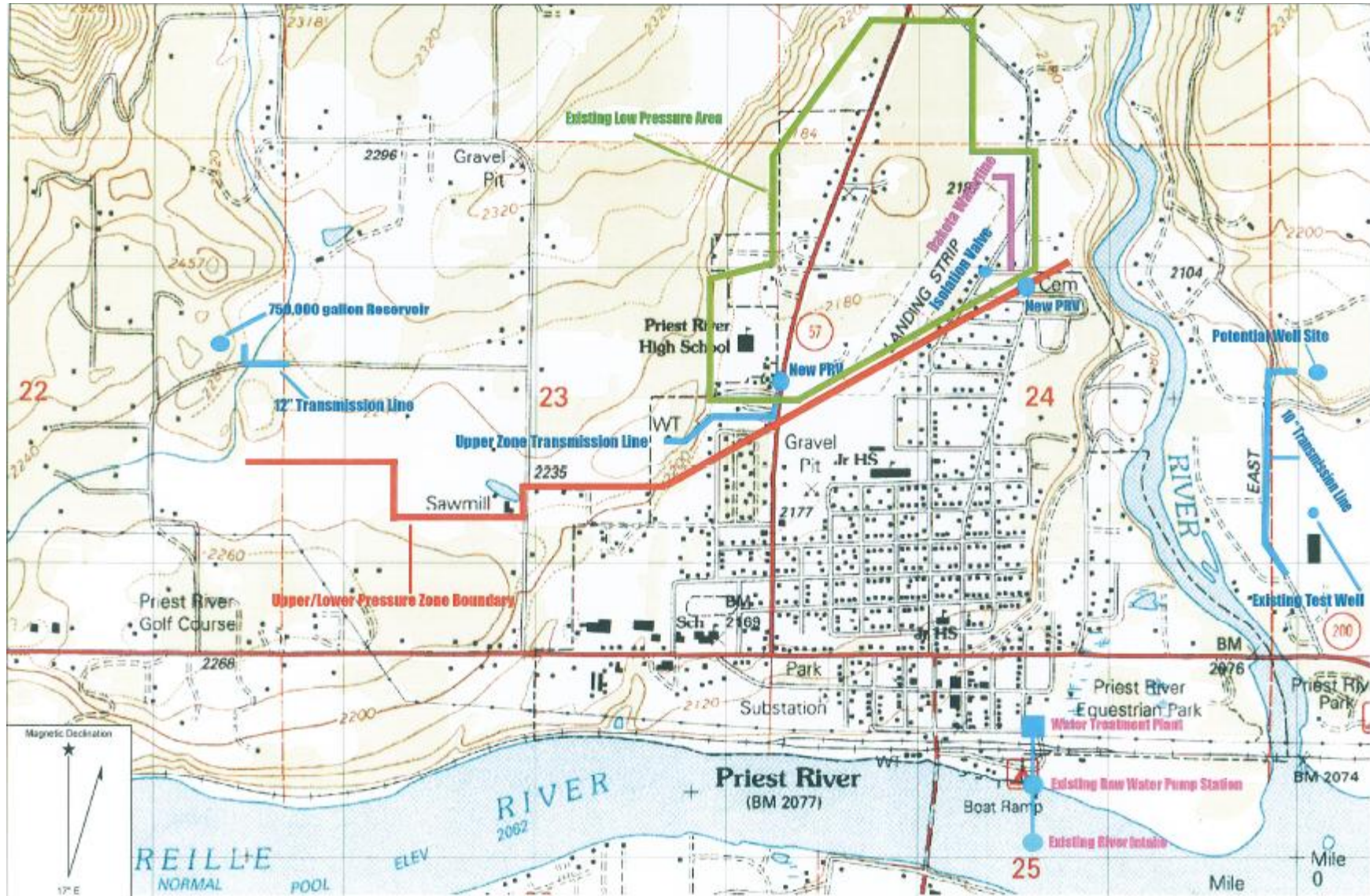


Existing Reservoir:



Proposed new/additional reservoir location looking from the site toward Shannan Lane





Priest River Phase 1 Water System Improvements-Engineering Costs

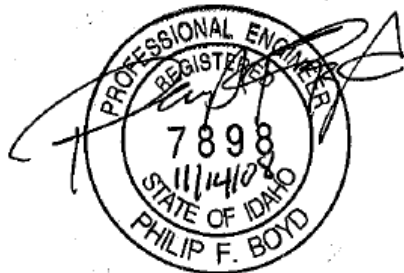
11/12/2008

Pre-February 2009				Post-February 2009-Grant Eligible				
Project Component	Task	Cost		Project Component	Task	Cost		
General/Shared Project Costs	Master Plan Addendum	\$8,500	LS	General/Shared Costs	ROW Certification	\$5,000	HR	
	EID	\$14,100	HR	Reservoir	Bid	\$5,000	LS	
	Topographical Survey (Transmission, Reservoir, Well)	\$16,000	LS		Construction Phase (Site and Tank)	\$31,500	LS	
	ROW Acquisition (Reservoir, Well)	\$5,000	HR		Post Construction	\$5,000	LS	
	SWPPP (Development/Adminir	\$15,000	HR		Shannan/Upper Transmission	Design	\$30,770	LS
Reservoir	Design-Site Plan	\$18,000	LS	Bid		\$4,850	LS	
	Design-Tank	\$5,000	LS	Construction Phase		\$64,400	LS	
	Geotechnical	\$3,500	LS	Post Construction		\$2,000	LS	
Total		\$85,100.00		Well Transmission	Design	\$14,600	LS	
					Bid	\$4,300	LS	
					Construction Phase	\$33,500	LS	
					Post Construction	\$2,000	LS	
				Well	Design	\$90,750	LS	
					Bid	\$5,000	LS	
					Construction Phase	\$61,500	LS	
					Post Construction	\$5,000	LS	
				Subconsultant	Telemetry (Reservoir and Well)	\$25,000	LS	
					Total	\$390,170.00		

General (Shared) Project Costs	\$63,600
Reservoir and Associated Transmission Costs	\$182,520
Well and Associated Transmission Costs	\$229,150
	<u>\$475,270</u>

City of Priest River					
ENGINEER'S OPINION OF PRELIMINARY PROJECT COSTS					
Phase 1 Water System Improvements					
Prepared By:	SBC/PFB/NMM	Date:	November 13, 2008		
Project Manager:	PFB	Date:			
	Description	Unit	Quantity	Unit Price	Total
New Storage Tank					
	Mobilization	LS	1	\$ 84,000	\$84,000
	750,000 Concrete Reservoir ¹	Gal	750000	\$ 1.35	\$1,012,500
	Site Prep	LS	1	\$ 20,000	\$20,000
	Access Road	LS	1	\$ 10,000	\$10,000
	Fencing	LF	400	\$ 25	\$10,000
	Erosion Control	LS	1	\$ 7,500	\$7,500
	Rock Excavation	CY	200	\$ 150	\$30,000
	Telemetry Panel	LS	1	\$ 25,000	\$25,000
	Overflow/Drainage Channel	LS	1	\$ 15,000	\$15,000
		Construction Estimate Subtotal			\$1,214,000
		10% Contingency =			\$121,400
					\$1,335,000
Shannan Lane and Upper Zone Transmission Mains					
	Mobilization	LS	1	\$ 19,000	\$19,000
	Shannan Lane				
	12" Ductile Iron	LF	200	\$ 60	\$12,000
	12" C-900	LF	600	\$ 30	\$18,000
	Rock Excavation	CY	150	\$ 150	\$22,500
	Trench and Excavation	LF	800	\$ 25	\$20,000
	Pipe Bedding	LF	800	\$ 5.00	\$4,000
	12 " Tie In	EA	1	\$ 3,500	\$3,500
	A-3 Gravel Surface Restoration	CY	150	\$ 35	\$5,250
	Pavement Restoration	SY	900	\$ 25	\$22,500
	12" Gate Valves	EA	5	\$ 3,000	\$15,000
	Fire Hydrant	EA	1	\$ 4,000	\$4,000
	Upper Zone ²				
	12" C-900	LF	1350	\$ 30	\$40,500
	Trench and Excavation	LF	1350	\$ 25	\$33,750
	Pipe Bedding	LF	1350	\$ 5.00	\$6,750
	12 " Tie In	EA	2	\$ 3,500	\$7,000
	A-3 Gravel Surface Restoration	CY	250	\$ 35	\$8,750
	12" Gate Valves	EA	5	\$ 3,000	\$15,000
	Fire Hydrant	EA	2	\$ 4,000	\$8,000
	PRV Station	LS	1	\$ 35,000	\$35,000
	Schultz Street ²				
	8" C900	LF	800	\$ 20	\$16,000
	Trench and Excavation	LF	800	\$ 20	\$16,000
	Pipe Bedding	LF	800	\$ 5.00	\$4,000
	8" Tie In	EA	2	\$ 3,500	\$7,000
	A-3 Gravel Surface Restoration	CY	150	\$ 35	\$5,250
	8" Gate Valves	EA	3	\$ 2,000	\$6,000
	Fire Hydrant	EA	1	\$ 4,000	\$4,000
	PRV Station	LS	1	\$ 35,000	\$35,000
		Construction Estimate Subtotal			\$393,750
		10% Contingency =			\$39,375
					\$433,000
New Well²					
	Mobilization and Site Controls	LS	1	\$ 51,000	\$51,000
	Test Well Construction and Testing	LS	1	\$ 20,000	\$20,000
	Well Drilling	VF	400	\$ 300	\$120,000
	1000 gpm well pump/motor/column	LS	1	\$ 75,000	\$75,000
	Piping and Appurtenances	LS	1	\$ 25,000	\$25,000
	Control and Isolation Valves and Fittings	LS	1	\$ 40,000	\$40,000
	Electrical, Controls, and Telemetry	LS	1	\$ 100,000	\$100,000
	Well Building	LS	1	\$ 80,000	\$80,000
	Site Work	LS	1	\$ 5,000	\$5,000
	Pump to Waste System	LS	1	\$ 40,000	\$40,000
		Construction Estimate Subtotal			\$556,000
		10% Contingency =			\$55,600
					\$612,000

City of Priest River					
ENGINEER's OPINION OF PRELIMINARY PROJECT COSTS					
Phase 1 Water System Improvements (continued)					
Prepared By:	SBC/PFB/NMM	Date:	November 13, 2008		
Project Manager:	PFB	Date:			
	Description	Unit	Quantity	Unit Price	Total
Well Transmission Main					
	Mobilization	LS	1	\$ 17,000	\$17,000
	12" C-900	LF	3750	\$ 30	\$112,500
	Trench and Excavation	LF	3750	\$ 25	\$93,750
	Pipe Bedding	LF	3750	\$ 5.00	\$18,750
	12 " Tie In	EA	1	\$ 3,500	\$3,500
	A-3 Gravel Surface Restoration	CY	1875	\$ 50	\$93,750
	12" Gate Valve	EA	4	\$ 3,000	\$12,000
	Fire Hydrant	EA	3	\$ 4,000	\$12,000
		Construction Estimate Subtotal			\$363,250
		10% Contingency =			\$36,325
					\$400,000
		CONSTRUCTION ESTIMATE TOTAL			\$2,780,000
Engineering Services (by City)					
	Study Phase				
	Master Plan Addendum				\$8,500
	Environmental Information Document				\$14,100
	Design Phase Engineering				
	Topographical Survey				\$16,000
	Design Phase Engineering (Reservoir)				\$26,500
	Right of Way/Permitting Services				
	Right of Way Acquisition				\$5,000
	SWPPP				\$15,000
Engineering Services (Grant-Eligible)					
	Design Phase Engineering				
	Design Phase Engineering (Transmission and Well)				\$136,120
	Telemetry (Storage Tank and Well)				\$25,000
	Right of Way/Permitting Services				
	Right of Way Certification				\$5,000
	Bld Phase Engineering				\$19,150
	Construction Phase Engineering				\$204,900
		ESTIMATED TOTAL PROJECT COST			\$3,255,270
Notes:					
1. Assumes ground level concrete prestress concrete reservoir with approximately 1,400 lf of transmission main required to connect to existing line in Shannan Lane. Ground elevation required is 2350.					
2. Adapted, based on estimated costs from the October 2007 Water System Master Plan by JUB Engineers.					





**United States Department of Agriculture
Rural Development**
Northern Idaho Area Office

November 13, 2008

Mr. Donald A. Dietrich, Director
Idaho Department of Commerce
P.O. Box 83720
Boise, ID 83720-0093

Dear Mr. Dietrich:

This letter is in support of the City of Priest River's efforts to gain Idaho Community Development Block Grant funding for the first phase of their water system improvement project.

USDA Rural Development fully supports the City's pursuit to improve their water system. We are currently processing an application for a RD loan of \$2,500,000 and a grant of \$500,000. We anticipate an application in the future for phase two of this project. We have determined this project to be a priority.

The city is in need of a well, an additional reservoir, booster stations, and transmission & distribution lines to increase pressures, provide fire flow, and correct distribution deficiencies. They have already passed a bond in the amount of \$3,680,000 to finance this project.

Rural Development has evaluated the proposed rate structure. The proposed rate covers all projected expenses, a short-lived asset replacement fund, and the debt service requirements.

Positive consideration of the City's ICDBG grant request, by Idaho Department of Commerce, is an integral part of this effort by the City of Priest River, to address their issues. Working together we can make an investment in the future viability of this rural community.

Sincerely,

Jeff Beeman
Area Director

Cc: Panhandle Area Council, Nancy Mabile

7830 Meadowlark Way, Suite C3, Coeur d'Alene, Idaho 83815
Phone: (208) 762-4939 • Fax: (208) 762-9799 • Web: <http://www.rurdev.usda.gov/id>

Committed to the future of rural communities.

CITY OF PRIEST RIVER
OFFICE OF THE CITY CLERK
P.O. Box 415
Priest River, ID 83856
(208) 448-2123
Fax (208) 448-2232



November 17, 2008

Mr. Donald Dietrich, Director
Idaho Department of Commerce
PO Box 83720
Boise, ID 83720-0093

RE: City of Priest River Water System Improvements – Match Commitment

Dear Mr. Dietrich:

On November 12, 2008 the City received approval from Tony Tenne, Community Development Specialist, Idaho Department of Commerce for use of previous expenditures as matching funds. Between November 2007 and November 2008 the City has spent \$39,743 in emergency repairs to the water system.

In order to achieve construction in 2009, the City has authorized the expenditure of \$85,100 to begin engineering design on the water reservoir.

If you should have any questions please do not hesitate to contact me.

Sincerely,

Jim Martin
Mayor

Emergency Water System Repairs 11/07 – 11/08

Costs figured as crew member @ \$25.00 hr, dump truck @ \$60.00 hr, backhoe @ \$60.00 hr, loader @ \$60.00 hr, service truck @ \$45.00 hr

11/1/07 – repair to water main on Larch St – 6 hrs each: 4 crew, dump truck, backhoe, service truck; parts/materials

Labor - \$600.00

Equipment - \$990.00

Parts/mat'l - \$100.00

Total costs - **\$1690.00**

11/28-11/29/07 – repair to water main on Merritt Bridge crossing – 14 hrs each: 4 crew, service truck; scissor lift rental, barge rental, parts/materials

Labor - \$1400.00

Equipment – \$630.00

Lift rental – \$180.00

Barge rental – \$6050.00

Parts/mat'l - \$600.00

Total cost - **\$8860.00**

5/15/08 – repair water main on Albeni Hwy at Washington St. – 6 hrs each: 4 crew, service truck, loader, backhoe, dump truck; parts/materials

Labor - \$600.00

Equipment - \$900.00

Parts/mat'l - \$200.00

Total cost - **\$1600.00**

5/30/08 – repair main leak on High St – 6 hrs each: 4 crew, service truck, dump truck, backhoe; parts/materials

Labor - \$600.00

Equipment - \$990.00

Parts/mat'l - \$200.00

Total cost - **\$1790.00**

8/21/08 – repair main leak on Albeni Hwy – 8 hrs each: 4 crew, service truck, backhoe, dump truck; parts/materials

Labor - \$800.00

Equipment - \$1320.00

Parts/mat'l - \$200.00

Total cost - **\$2320.00**

9/3 – 9/4/08 – repair main leaks on Albeni Hwy, install new tee/valve/pipe at Washington St. – 17 hrs each: 5 crew, dump truck, backhoe, service truck; parts/materials

Labor - \$2125.00

Equipment - \$2805.00

Parts/mat'l - \$1450.00

Total cost - **\$6380.00**

10/8 – 10/10/08 – install 240' of new 6" pipe on Albeni Hwy to abandon existing line – 27 hrs each: 5 crew, dump truck, backhoe, service truck; parts/materials

Labor - \$3375.00

Equipment - \$4455.00

Parts/mat'l - \$2100.00

Total cost - **\$9930.00**

10/21/08 – tie-in new main pipe on Albeni Hwy by contractor and crew tie-in new services- 10 hrs each: 5 crew, dump truck, backhoe, service truck; parts/materials; contractor charge

Labor - \$1250.00

Equipment - \$1650.00

Parts/mat'l - \$1675.00

Contractor - \$2598.00

Total cost - **\$7173.00**

TOTAL COSTS FOR SYSTEM REPAIRS 11/07 to 11/08

\$39,743.00